



Licensing Software Developed by the Department of the Navy

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DON Labs and Technology Transfer



- To maximize the return on the federal investments in technology, Congress encourages the transfer of government technology to the private sector.
- DON has 47 laboratories in 18 states, plus DC and a few foreign countries.
 - ◆ Traditional R&D facilities like the Naval Research Laboratory
 - ◆ Shipyards
 - ◆ Hospitals
 - ◆ Academic institutions: Naval Academy, Naval Postgraduate School
 - ◆ Specialized facilities: Naval Observatory, Navy Clothing and Textile Research Facility, Naval History and Heritage Command
- <https://www.onr.navy.mil/work-with-us/technology-transfer-t2>



Why is software licensing so important for DON?



- Much of the innovation at DON labs comes from improvements in software.
- Likewise, many of the innovations in commercial products are tied to software innovations
- Commercial software has a faster upgrade tempo than the upgrade tempo for hardware.
 - ◆ Consider how often your iPhone's iOS is upgraded, compared to how long you own that phone.
- If DON wants to build technology transfer relationships with industry, DON needs to be active in the software space.



Why is *trade secret* licensing of software so important for DON?



- *Alice Corp. v. CLS Bank International*, 573 U.S. 208 (2014) limited the scope of patent protection for software. A lot of software that might have been patentable pre-*Alice* is no longer patentable.
- 17 U.S.C. § 105 excludes government-developed software from copyright protection.
- That leaves trade secret as a form of licensable IP that can protect government-developed software.



How Does Sec. 801 Enable Software Licensing?



- PL 113-66 Sec. 801 authorized DoD laboratories to license computer software and related documentation if:
 - ◆ the software and documentation would be a trade secret under FOIA Exemption 4 if they had been obtained from a private party;
 - the government must put safeguards in place to maintain the secrecy of the software;
 - ◆ the public is notified of the availability for licensing;
 - ◆ the software was developed originally to meet military needs; and
 - ◆ the licenses satisfy the same requirements that government invention licenses must meet.
- 5 year FOIA exemption under the statute
- Originally, this authority would have expired in 2017; extended by PL 114-328 Sec. 818 through 2021.



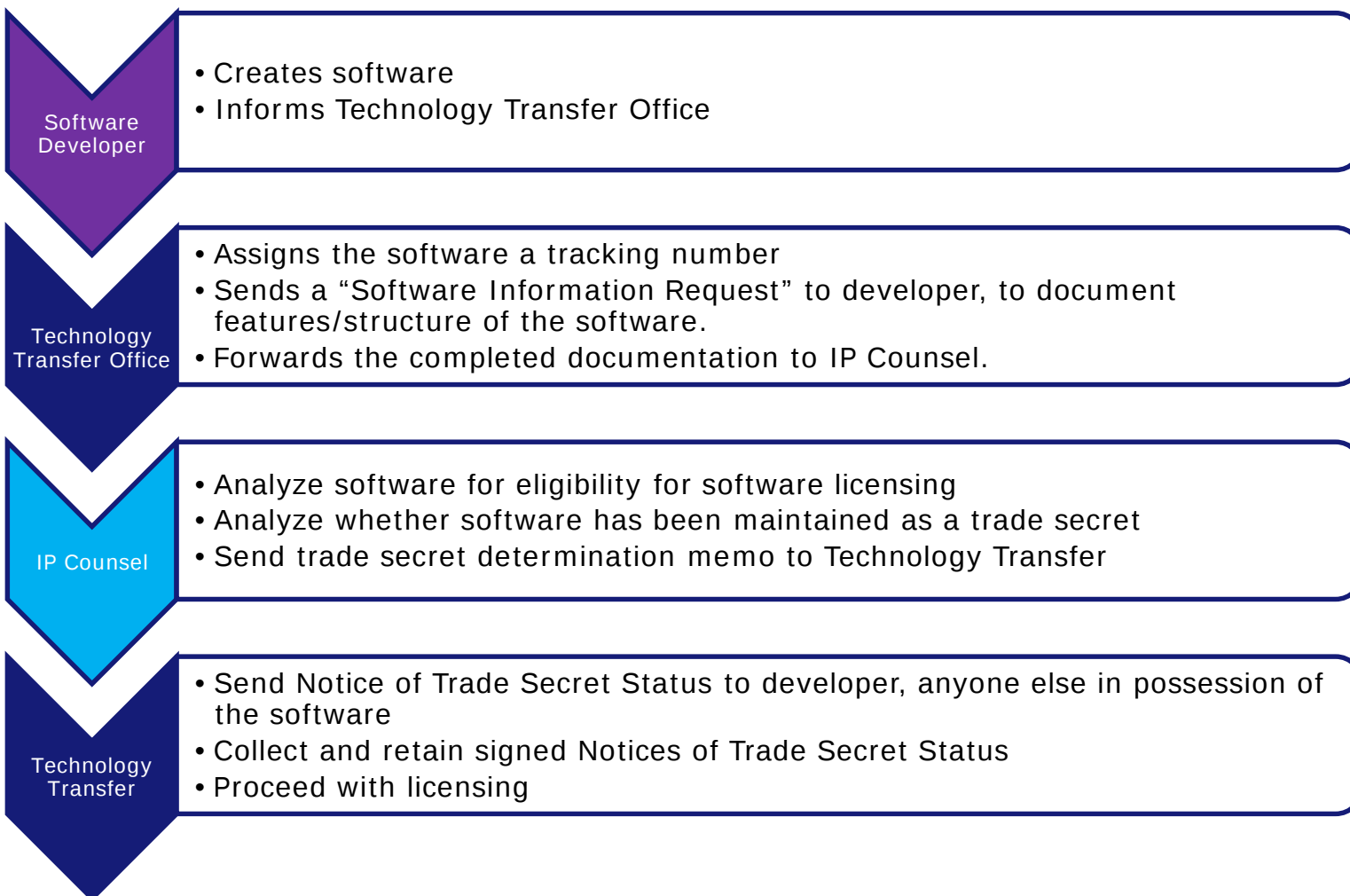
What happens to the receipts from Sec. 801 software licenses?



- Similar to 15 U.S.C. § 3710d.
- First \$2000, and thereafter at least 15%, divided among the employee developers.
- Lesser payments may be made to non-developers who increased the technical value of the software.
- Balance may be retained for the current FY, plus 2 more FY, and used:
 - ◆ To reward technical employees;
 - ◆ To further scientific exchange;
 - ◆ For education and training of employees;
 - ◆ To increase the potential for technology transfer;
 - ◆ For expenses incidental to administration and licensing of the software; or
 - ◆ For scientific R&D.



Model Workflow for Capturing Software as a Trade Secret





Questions?